ASX Announcement

Melbourne, Australia, 26 October 2023

Quarterly Activities Report and Appendix 4C

1. Receipt of $2.7 million R&DTI rebate and $1.2 million net cash proceeds
2. Sale of surplus equipment adds to cash balance
3. Improved cash position, lower monthly costs and focus
4. Exosome technologies commercialisation and product planning continues
5. Post reporting period additional update

Receipt of $2.7 million R&DTI rebate and circa $1.2 million net cash proceeds

As announced on 21 September 2023, $2.7 million was received from the Company's FY23 R&D tax incentive claim. After repaying Radium Capital the R&D loan balance of circa. $1.4 million plus associated fees and interest there was a net cash benefit of approximately $1.2 million banked.

The Company is now debt free and has an improving cash balance with low monthly operating costs.

Sale of surplus equipment adds to cash balance

During the quarter, Exopharm sold surplus equipment resulting in a cash inflow of around $0.6 million. Further disposal of surplus equipment is underway.

Improved cash position, lower monthly costs and focus

The Board of Exopharm has been implementing a strategy that includes reducing running-costs and extending the cash runway for the Company.

Exopharm ended the quarter with cash of $2.95 million ($1.64 million at 30 June 2023) with Quarterly operating net cash inflow of $2.1 million ($1.4 million cash outflow in the prior quarter). Monthly recurring operating costs of operations have been further reduced to around $130,000 per month.

Seeking to maximise shareholder-value, Exopharm is actively exploring potential transactions with third parties, which could unlock the future potential financial value of the Company.

Exosome technologies commercialisation and product planning continues

The Company continues to secure its Intellectual Property portfolio and continues to seek a financial return from potential licensees and/or commercial partners.

Evaluation of the Company's exosome technologies continues and discussions with potential collaboration partners are ongoing.

Spend on in-house product development has been mainly curtailed as a cost saving measure and future work will potentially be outsourced to commercial contract research organisations (CROs) and Academic Laboratories under paid research agreements.

Post reporting period additional update

On 2 October 2023 the Company sought a voluntary suspension of its securities from quotation (and trading).

The request for voluntary suspension was in relation to a potential material acquisition to which Listing Rules 11.1.2 ad 11.1.3 ('Recompliance') are anticipated to apply.

At this stage the Company anticipates that the suspension will last until the Company's shareholders approve the potential material acquisition and the Company is able to recomply with Chapters 1 and 2 of the ASX Listing Rules, or otherwise makes an announcement in relation to the potential material acquisition.

Finance and Appendix 4C commentary

Exopharm ended the quarter with cash of $2.95 million ($1.64 million at 30 June 2023).

Quarterly operating net cash inflow for the period was $2.1 million ($1.4 million cash outflow in the prior quarter).

Cash outflow for the period predominately related to administration and corporate costs and staff costs, including redundancy costs associated with cost cutting initiatives. Offsetting cash out flow was $2.7 million received in relation to the Company's FY23 R&D tax incentive claim.

Following receipt of the FY23 R&D Tax Incentive funds, Exopharm repaid the outstanding Radium Capital R&D loan balance of circa. $1.4 million plus associated fees and interest, resulting in a net cash benefit of approximately $1.2 million.

Additionally, during the quarter, Exopharm sold surplus equipment, resulting in a cash inflow of $0.6 million.

Exopharm continues to manage its business costs and incoming cash carefully.

In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in items 6.1 of the Appendix 4C includes gross salaries, superannuation and fees to executive and non-executive directors, as follows:

- Total Gross salaries to directors: $109,536 (including superannuation)
- Total payments to related parties and their associates included in items 6.1: $109,536.

By the Board of Directors – this release has been authorised by the Board of Directors.

ABOUT EXOPHARM

Exopharm (ASX:EX1) is a leader in advanced manufacturing technologies for exosome-based medicines.

Exosomes can be loaded with a variety of active pharmaceutical ingredients (APIs) and can be targeted to selected cell-types and tissue types, improving the safety-profile of the APIs and providing better treatments. Exosomes can be used to deliver small molecule drugs, mRNA, DNA and other types of APIs.

Exosomes are an alternative means of drug-delivery inside the body, alongside technologies such as lipid nanoparticles (LNP), cell-penetrating peptides, viral vectors and liposomes.

Exopharm's exosome technologies solve important needs for the success of exosome medicines – LEAP manufacturing technology, LOAD API loading technologies and EVPS tropism technologies.

Exosome-based medicines could improve the treatment of many chronic or inherited medical conditions.

Exopharm is making its proprietary technologies available to pharmaceutical and biotechnology companies that want to harness exosome-delivery for their own products.

FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets', 'aims', 'plans' or 'expects'. These statements are based on an evaluation of current corporate estimates, economic and operating conditions, as well as assumptions regarding future events. These events are, as at the date of this announcement, expected to take place, but there cannot be any guarantee that such events will occur as anticipated or at all given that many of the events are outside of Exopharm's control or subject to the success of the Development Program. Furthermore, the Company is subject to several risks as disclosed in the Prospectus dated 23 March 2023.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

EXOPHARM LIMITED

ABN	Quarter ended ("current quarter")
78 163 765 991	30 September 2023

Consolidated statement of cash flows			Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		-	-
1.2	Payments for			
	(a)	research and development	(27)	(27)
	(b)	product manufacturing and operating costs	-	-
	(c)	advertising and marketing	(7)	(7)
	(d)	leased assets	-	-
	(e)	staff costs	(224)	(224)
	(f)	administration and corporate costs	(290)	(290)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		9	9
1.5	Interest and other costs of finance paid		(155)	(155)
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		2,714	2,714
1.8	Other (provide details if material)		62	62
1.9	**Net cash from / (used in) operating activities**		**2,082**	**2,082**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	entities	-	-
	(b)	businesses	-	-
	(c)	property, plant and equipment	-	-
	(d)	investments	-	-
	(e)	intellectual property	-	-
	(f)	other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	620	620
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**620**	**620**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,392)	(1,392)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liability)	-	-
	Other (bank guarantee and security deposit)	-	-
3.10	**Net cash from / (used in) financing activities**	**(1,392)**	**(1,392)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,643	1,643
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,082	2,082
4.3	Net cash from / (used in) investing activities (item 2.6 above)	620	620

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,392)	(1,392)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,953**	**2,953**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,953	1,643
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,953**	**1,643**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	110
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The payments to directors or their associates in 6.1 include gross salaries, superannuation and fees and benefits to executive and non-executive directors.

		Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)		
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	2,082
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,953
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,953
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**N/A**

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

26 October 2023

Date: ....

By Order of the Board

Authorised by: ....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.